

STATEMENT OF PURPOSE

RS21991

The purpose of this legislation is to update the chapter governing the Idaho College Savings Program, which the Board expects will result in reduced fees to program participants. Congress authorized the establishment of state-sponsored college savings programs in 1996. These programs are known as 529 Programs, a reference to the section of the Internal Revenue Code authorizing the tax benefits associated with the programs. Idaho has sponsored a program since 1999 when it established the Idaho College Savings Program Board. The Board is comprised of each of the statewide elected officials, or the official's designee. The mission of the Board is to encourage Idaho families to save for the costs of higher education with the ultimate goal of improving the educational achievements of Idaho's citizens. The Board is a fiduciary and directs the program's operations, investments, and marketing. Much has changed since the inception of Idaho's 529 program. This legislation removes some of the restrictive language concerning contracting with a financial institution to operate the program. It allows the Board flexibility to modify the structure of management for the program as the marketplace changes with the goal of reducing fees for plan participants. For example, it may reduce the costs to participants if the Board conducts program marketing directly or partners with another public agency for that purpose. As the program has grown, the administrative activities associated with the program have increased. The legislation authorizes the Board to engage an executive director and staff to conduct its day-to-day work and to delegate administrative functions to a board member's office where doing so is more efficient. The Board does not receive general funds as its costs are funded through a portion of the fees paid by participants.

FISCAL NOTE

No fiscal impact to the general fund.

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